

Law on Mineral Resources

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PART ONE COMMON PROVISIONS

Chapter One SUBJECT-MATTER AND SCOPE

Article 1

- (1) This Law regulates the terms and conditions for:
1. the prospecting for and the exploration and extraction of mineral resources within the territory of the Republic of Bulgaria, the continental shelf and the exclusive economic zone in the Black Sea;
 2. the protection of the earth recesses and the reasonable use of the mineral resources within the territory of the Republic of Bulgaria, the continental shelf and the exclusive economic zone in the Black Sea.
- (2) This Law shall not apply to activities in connection with:
1. research, academic work and teaching;
 2. the prospecting for and the exploration, use and protection of subterranean waters, including their geothermal energy;
 3. the collection of rock, mineral and soil samples from the surface of the earth for non-commercial purposes;
 4. the extraction of gold from river flows through manual cradling;
 5. the extraction of salts and elements from sea water.

Article 2

Within the meaning of this Law, mineral resources shall be grouped into:

1. metallic mineral resources;
2. non-metallic mineral resources - industrial mineral resources;
3. oil and gas;
4. solid fuels;
5. building materials;
6. stone lining materials;
7. precious and semi-precious gems;
8. industrial technological wastes from mining industries which are not owned by natural persons or legal entities.

Article 3

- (1) Mineral resources shall be in the exclusive domain of the State.
- (2) Municipal property shall be the mineral resources under Art. 2, subpara (5), where such mineral resources are used to meet the building needs of the population and mined in quarries in volumes of up to 10,000 cubic metres per annum.

Article 4

- (1) The prospecting for or exploration of mineral resources shall be based on a license issued for:
1. prospecting;

2. exploration;
 3. prospecting and exploration.
- (2)** Mineral resources shall be extracted on the basis of a concession.

Article 5

Rights to mineral resources shall be granted through:

1. licenses for prospecting and/or exploration, issued by the respective authorities in accordance with their powers under Art. 7 upon the approval by the Council of Ministers;
2. licenses for oil and gas prospecting and/or exploration and licenses for prospecting for and/or exploration of mineral resources in the continental shelf and the exclusive economic zone, as issued by the Council of Ministers at the proposal of the respective authorities in accordance with their powers under Art. 7;
3. concessions for extraction under Art. 3, para (2), as granted by the respective Municipal Councils upon consultation with the Ministry of the Environment and Waters.

Chapter Two

MINERAL RESOURCES MANAGEMENT AUTHORITIES

Article 6

- (1)** The competent authority under Art. 5, subpara (1) is a Minister or head of an institution in accordance with the powers under Art. 7.
- (2)** The competent authority under Art. 5, subpara (2) is the Council of Ministers, designating a Minister or a head of an institution under Art. 7 to conclude a contract for prospecting and/or exploration.
- (3)** The competent authority under Art. 5, subpara (3) is the Council of Ministers, designating a Minister or a head of an institution under Art. 7 to conclude a contract for extraction of mineral resources.
- (4)** The competent authority under Art. 5, subpara (4) is the respective Municipal Council.
- (5)** The competent authority within the meaning of Art. 1, para (1), subpara (2) is the Minister of the Environment and Waters.

Article 7

- (1)** The Minister of the Environment and Waters shall:
 1. together with the ministries and institutions concerned, draft and propose to the Council of Ministers the government policy and strategy in the field of the prospecting for, exploration and extraction of mineral resources and the protection of the earth recesses within the territory of the Republic of Bulgaria, the continental shelf and the exclusive economic zone in the Black Sea;
 2. together with the ministries and institutions concerned, develop and implement the government policy and strategy for encouragement of investments in the prospecting for, exploration and extraction of mineral resources with a view to the sustainable development of the country, the national security and the attraction of investors;
 3. in pursuance of the government policy in the field of geology, coordinate and assign the implementation of investment and other projects for geological and geo-environmental survey of the country and hold

- competitive bidding and tenders for contractors;
4. manage the National Geofund;
 5. provide for the establishment and keep the uniform register and cadastre of the licenses for prospecting and/or exploration;
 6. provide for the establishment and keep the register of discoveries and a specialised cadastre of mineral resource deposits;
 7. issue licenses for registered discoveries of deposits;
 8. provide for the establishment and maintenance of a national balance of the reserves and resources by all types of mineral resources under Art. 2;
 9. hold competitive bidding and tenders, conduct negotiations and issue licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subparas (1), (2), (4), (5), (6), (7) and (8) upon the approval of the Council of Ministers and sign contracts in the cases envisaged in this Law;
 10. make the necessary arrangements and submit proposals to the Council of Ministers for the issuance of licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subpara (3) and sign contracts in the cases envisaged in this Law.

(2) The Minister of Industry shall:

1. coordinate and assign the implementation of investment and similar projects for the extraction of mineral resources under Art. 2, subparas (1), (2), (7) and (8) in pursuance of the government policy in this sphere;
2. hold competitive bidding and tenders, conduct negotiations and issue licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subparas (1), (2), (7) and (8) upon the approval of the Council of Ministers and sign contracts in the cases envisaged in this Law;
3. make the necessary arrangements and submit proposals for the issuance of licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subparas (1), (2) and (7) within the continental shelf and the exclusive economic zone in the Black Sea and sign contracts in the cases envisaged in this Law;
4. make the necessary arrangements and submit proposals for the granting of concessions for the extraction of mineral resources under Art. 2, subparas (1), (2), (7) and (8);
5. hold competitive bidding and tenders, conduct negotiations and sign concession contracts in the cases envisaged in this Law;
6. supervise the fulfilment of the concessionaire's obligations under the contracts signed in pursuance of this Law;
7. provide the National Geofund with the geological and technical information collected under Art. 13 by the license holders and concessionaires.

(3) The Minister of Regional Development and Public Works shall:

1. coordinate and assign the implementation of investment and similar projects for the extraction of mineral resources under Art. 2, subparas (5), (6), and (8), which are used as raw materials in the construction industry, in pursuance of the government policy in this sphere;
2. hold competitive bidding and tenders, conduct negotiations and issue licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subparas (5), (6) and (8) upon the approval of the Council of Ministers and sign contracts in the cases envisaged in this Law;
3. make the necessary arrangements and submit proposals for the granting of

- concessions for the extraction of mineral resources under Art. 2, subparas (5), (6) and (8);
4. hold competitive bidding and tenders, conduct negotiations and sign concession contracts in the cases envisaged in this Law;
 5. supervise the fulfilment of the concessionaire's obligations under the contracts signed in pursuance of this Law;
 6. provide the National Geofund with the geological and technical information collected under Art. 13 by the license holders and concessionaires.
- (4)** The Chairperson of the Energy Committee shall:
1. coordinate and assign the implementation of investment and similar projects for the extraction of solid fuels and energy resources within the territory of the country, the continental shelf and the exclusive economic zone of the Black Sea, in pursuance of the government policy in this sphere;
 2. make the necessary arrangements and submit proposals for the issuance of licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subpara (3) and sign contracts in the cases envisaged in this Law;
 3. hold competitive bidding and tenders, conduct negotiations and issue licenses for the prospecting for and/or exploration of mineral resources under Art. 2, subparas (4) and (8) upon the approval of the Council of Ministers and sign contracts in the cases envisaged in this Law;
 4. make the necessary arrangements and submit proposals for the granting of concessions for the extraction of mineral resources under Art. 2, subparas (3), (4) and (8);
 5. hold competitive bidding and tenders, conduct negotiations and sign concession contracts in the cases envisaged in this Law;
 6. supervise the fulfilment of the concessionaire's obligations under the contracts signed in pursuance of this Law;
 7. provide the National Geofund with the geological and technical information collected under Art. 13 by the license holders and concessionaires.

Chapter Three

PUBLIC PROCUREMENT OF GEOLOGICAL SURVEYS

Article 8

The geological surveys in the Republic of Bulgaria financed with public resources shall be conducted in pursuance of the Law on Public Procurement and on the basis of a strategy and approved long-term plans.

Article 9

The Ministry of the Environment and Waters shall draw up and fund the priority themes and the related annual tasks in the geological sphere.

Article 10

- (1)** The tasks under Art. 9 shall be assigned on the basis of competitive bidding or tenders.
- (2)** Projects shall be developed on the basis of terms of reference, as drawn up or approved by the Ministry of the Environment and Waters.
- (3)** The Minister of the Environment and Waters and the contractor shall sign a contract.

Article 11

All the geological information acquired, as well as the developed intellectual product shall become property of the State and be submitted to the National Geofund for storage and use.

Chapter Four GEOLOGICAL AND TECHNICAL INFORMATION

Article 12

(1) "Geological information" is the totality of all information and data acquired in the process of fulfilment of geological assignments, which is subject to submission, acceptance, processing and storage.

(2) Depending on the type of the information carrier, the geological information may be classified into natural and original, whereby:

1. the natural geological information is carried on natural information carriers - samples of rocks and mineral resources from natural openings and geological surveys, drill cores, sections, laboratory samples and others;
2. the original geological information is the information and data acquired in the process of fulfilment of geological assignments, which is stored on paper, transparent, magnetic and optical carriers, as well as on various solid body memories.

(3) Depending on the method of storage of geological information and data, the information may be classified into printed and digital, whereby:

1. the printed geological information includes texts, diagrams, tables, cross-sections, maps, plans and others;
2. the digital geological information includes digital geological information and data, which can be processed, recorded, stored and reproduced through computer devices and systems.

(4) Depending on the progress phase of geological assignments, the geological information may be classified into primary, intermediary and final, whereby:

1. the primary information is the totality of the primary data in the natural information, regardless of the information carrier; it provides the basis for obtaining the intermediary and final information;
2. the intermediary information includes the estimated, which are subject to further processing and which are stored until the final information is obtained;
3. the final information includes the data reflecting the fulfilment of geological surveys, technological studies, research and others; the final information may be stored on various information carriers.

Article 13

(1) The holders of licenses for the prospecting for and/or exploration and concessionaires shall:

1. keep full and detailed documentation of the geological surveys and the other activities related to the licenses or concessions and make it available for inspection under the terms and conditions of the contracts;
2. report the findings of the geological surveys and the other activities related to the licenses or concessions through interim reports and a final report;
3. provide the Ministry of the Environment and Waters with the substantive

material acquired in connection with the surveys after the surveys are completed.

(2) The findings of the geological surveys, their interpretation and the evaluation of the objectives shall be reflected in geological reports.

(3) The requirements to the geological and technical documentation of the exploration and mining projects shall be regulated with an instrument of the Council of Ministers.

Article 14

(1) During the validity term of the licenses for prospecting and/or exploration, the geological and technical information under Art. 13 shall be owned by the authority, which is a party to the respective contract and the license holder or the concessionaire. The co-owners shall not disclose the information during its collection, storage, submission and use under the terms and conditions of the contract.

(2) Copies of the information under para (1) shall be submitted for storage to the National Geofund by the authority, which is a party to the respective contract, within ten days after its submission by the license holder or the concessionaire.

(3) After the expiration of the license or the concession, all the information under Art. 13 shall become property of the State and be submitted to the National Geofund.

Article 15

The geological and technical information about mineral resources, which is acquired prior to or after the effective date of this Law, shall be submitted to the National Geofund as property of the State.

Chapter Five NATIONAL GEOFUND

Article 16

(1) The Ministry of the Environment and Waters shall maintain a National Geofund to collect, process, store and submit for use against payment the geological information from surveys and other activities related to the prospecting for and the exploration and extraction of mineral resources.

(2) The National Geofund shall establish and maintain specialised information systems with data from the prospecting for and the exploration and extraction of all groups of mineral resources under Art. 2.

(3) The functions of the National Geofund and the terms and conditions for the use of the information therein by the respective users shall be regulated with an instrument of the Council of Ministers.

Chapter Six REGISTERS AND CADASTRES OF THE LICENSES FOR PROSPECTING AND/OR EXPLORATION AND THE EXTRACTION CONCESSIONS

Article 17

The Ministry of the Environment and Waters shall make arrangements for the establishment and maintain an integrated register and cadastre of the licenses for prospecting and/or exploration issued in pursuance of this Law.

Article 18

The Council of Ministers shall make arrangements and maintain an integrated register of the extraction concessions granted in pursuance of this Law.

Article 19

(1) The registers of the licenses for prospecting and/or exploration and the concessions for extraction of mineral resources shall be established and kept under terms and conditions laid down by the Council of Ministers.

(2) The cadastres of the areas for prospecting and/or exploration and the extraction concessions shall be established and operate in pursuance of the Law on Integrated Cadastre of the Republic of Bulgaria.

(3) Registers and cadastres shall be in the public domain and any person shall be entitled to review them and obtain copies of transcriptions thereof against payment on the basis of rates laid down by the Council of Ministers.

Chapter Seven

NATIONAL BALANCE OF RESERVES AND EVALUATION OF RESOURCES. REGISTER OF DISCOVERIES AND SPECIALISED CADASTRE OF DEPOSITS

Article 20

(1) The Ministry of the Environment and Waters shall establish and keep:

1. the national balance of reserves and the evaluation of the mineral resources under Art. 2;
2. the specialised cadastre of deposits and the mineral resources under Art. 2;
3. the register of discoveries.

(2) The national balance of the reserves of mineral resources shall be drawn up annually on the basis of the data about the condition and changes of the reserves, as made available by the contractors under public procurement contracts for geological surveys, the holders of licenses for prospecting and/or exploration, the concessionaires and the single-member companies owned by the State, which engage in the extraction of mineral resources.

(3) The reserves of mineral resources included in the national balance shall be reported in accordance with the classification of the reserves of mineral resources.

(4) The specialised cadastre of deposits of mineral resources shall reflect all the registered discoveries of deposits and the existing deposits of mineral resources.

(5) The register of discoveries shall specify:

1. the stated discoveries in the fulfilment of assignments in accordance with public procurement contracts;
2. the statements in writing about discoveries by holders of licenses for prospecting and/or exploration under Art. 28, subpara (3).

(6) No statement by a person who is not a holder of a license for prospecting and/or exploration or by a person who is a holder of a license that is not recorded in the Integrated Register of Licenses for Prospecting and/or Exploration shall be subject to entry into the register.

(7) The discovery of mineral resources as a result of geological surveys within the meaning of Arts. 8 to 11 shall not generate any rights for the

discoverer under Art. 29.

(8) The activities related to the establishment and keeping of the national balance of reserves, the specialised cadastre of deposits and the register of discoveries of mineral resources shall be regulated with an instrument of the Council of Ministers.

Article 21

(1) Discoveries shall be registered as:

1. geological discoveries;
2. commercial discoveries.

(2) A geological discovery shall result from activities in accordance with a license for prospecting for mineral resources and it shall generate prospecting rights, the statements for registration purposes containing:

1. the description of the location of the discovery;
2. the coordinates of the extreme and characteristic points of the area including the discovery;
3. the specific mineral resources established with the discovery and the group under Art. 2, to which they belong;
4. the qualitative features of the mineral resources;
5. estimated potential of the discovery.

(3) A commercial discovery shall result from activities in accordance with a license for prospecting and exploration or a license for exploration and it shall generate concession rights, the statement for registration purposes containing:

1. the description of the location of the discovery;
2. the coordinates of the extreme and characteristic points of the area including the discovery;
3. the specific mineral resources established with the discovery and the group under Art. 2, to which they belong;
4. the qualitative features of the mineral resources;
5. the geological and economic evaluation of the reserves.

(4) The discovery shall be declared to be geological or commercial with the statement under para (2) or para (3) by the holder of the license for prospecting and/or exploration to the competent authority under Art. 7 and to the Ministry of the Environment and Waters, which shall make the registration and issue a discovery certificate.

Article 22

The holders of licenses for prospecting and/or exploration and the concessionaires and the single-member companies owned by the State, which engage in the extraction of mineral resources, shall provide the Ministry of the Environment and Waters on an annual basis or upon request but not more than twice a year, with information about the condition and changes of the reserves and deposits within the respective areas, as well as the necessary geological and technical documentation for inspection of its authenticity.

PART TWO PROSPECTING FOR AND EXPLORATION AND EXTRACTION OF MINERAL RESOURCES

Chapter One
LICENSES FOR PROSPECTING AND/OR EXPLORATION AND
EXTRACTION CONCESSIONS

Section I
Common Provisions

Article 23

(1) Licenses for prospecting and/or exploration and extraction concessions shall be granted to natural persons and legal entities, certifying that they are duly registered as traders and have the technical, managerial and financial capabilities required for the performance of the respective activities.

(2) The licenses and concessions under para (1) shall be granted upon inquiries into the integrated register and cadastre of licenses and the specialised cadastre of deposits of mineral resources.

(3) More than one license for prospecting and/or exploration and extraction concession may be granted for the same area, provided that they are granted for different types of mineral resources and the activities in accordance with one of the licenses or concessions will not interfere with the activities in accordance with the other license or concession and all existing holders or concessionaires have given their consent.

Article 24

(1) A person eligible under Art. 23 may obtain more than one license or an extraction concession.

(2) Separate contracts shall be concluded in the cases under para (1) with the respective authority under Art. 7.

Article 25

(1) The rights and obligations under a license for prospecting and/or exploration may be assigned fully or in party to third parties eligible under Art. 23 only with the permission of the body under Art. 6, paras 1 and 2.

(2) The rights and obligations under an extraction concession may be assigned fully or in party to third parties eligible under Art. 23 only with the permission of the Council of Ministers.

(3) The costs of the assignment of the rights and obligations under paras (1) and (2) shall be borne by the license holder or the concessionaire.

(4) Where the license holder or the concessionaire retains part of the rights under the license or concession, the license holder or the concessionaire shall be jointly liable with the third party for the obligations, unless agreed otherwise in the contract.

(5) Where the license holder or the concessionaire fully assigns the rights under the license or concession, all rights and obligations shall be assigned to the third party.

Article 26

Proceedings in relation to granting a license for prospecting and/or exploration and of a yield-related concession shall be opened after coordination with the competent Ministries for Protection of the National Security and Defence of the country related to territories, projects, cultural and historical monuments

protected by Law.

Section II Licenses for Prospecting and/or Exploration

Article 27

A license for prospecting and/or exploration shall be issued for any of the groups of mineral resources under Art. 2.

Article 28

The license for prospecting and exploration or for exploration shall entitle its holder within the granted area:

1. to perform all necessary activities aimed at discovering deposits of mineral resources, for which the license is issued;
2. to evaluate deposits of mineral resources, for which the license is issued, including the extraction for technological testing;
3. to submit a statement, within the validity term of the license, in pursuance of Art. 21, for its declaration as a commercial discovery in order to be duly registered;
4. to be granted an extraction concession by right in pursuance of Art. 29.

Article 29

The holder of a license for prospecting and exploration or for exploration shall be directly selected as the concessionaire for extraction of a discovered deposit upon the fulfilment of the following conditions:

1. to have stated and registered in pursuance of Art. 21, para (3) the discovery of a deposit of mineral resources within the validity term and the area of the license;
2. to have obtained a commercial discovery certificate in pursuance of Art. 21, para (4);
3. to have submitted a statement in writing for granting a concession to the respective authority under Art. 7 within six months after reception of the certificate on the registered discovery.

Article 30

The holder of the license for prospecting and/or exploration shall:

1. perform all activities under the license in accordance with the laws and the terms and conditions of the contract;
2. advise the competent authorities of any discovery of mineral resources and provide the relevant information thereof;
3. provide the information under Art. 13 to the National Geofund;
4. suspend works and advise forthwith the respective authorities under Art. 7, the Minister of the Environment and Waters and/or the Minister of Culture in the event of discovery of mineral, historical or archaeological artifacts.

Article 31

(1) The validity term of the license for prospecting and/or exploration shall be up to three years.

(2) The term under para (1) may be renewed twice by up to two years in each case under the terms and conditions of the contract.

(3) Where prior to the expiration of the last renewal under para (2) the

holder of a license for prospecting and/or exploration makes a discovery of mineral resources, the validity term of the license may be renewed by up to a year for the purposes of evaluation of the discovery by the license holder.

Article 32

(1) The area granted under the license for prospecting and/or exploration may not exceed:

1. five thousand square kilometres of land for oil and gas and 20 thousand square kilometres for oil and gas in the continental shelf and the exclusive economic zone in the Black Sea;
2. square kilometres for the other groups of mineral resources under Art. 2.

(2) Parts of the area under para (1) shall be vacated by the holder of the license for prospecting and/or exploration before each renewal under Art. 31 under the terms and conditions of the contract.

(3) The license holder shall be entitled at his own discretion to vacate further areas at the end of each calendar year under the terms and conditions of the contract.

Section III Extraction Concession

Article 33

Extraction concessions shall be granted for specific deposits of mineral resources or parts (sections) thereof.

Article 34

The extraction concession shall entitle the concessionaire:

1. to acquire title to the mineral resources extracted, for which the concession is granted, as well as to the technological waste from the extraction process under the terms and conditions of the contract;
2. to perform all necessary activities related to the extraction, as well as further exploration, storage, processing, transportation and sale of the mineral resources, for which the concession is granted.

Article 35

(1) The concessionaire shall:

1. perform all activities under the concession in accordance with the laws and the contract;
2. provide the information under Art. 22 to the Ministry of the Environment and Waters.

(2) In the event of discovery of unique mineral formations or movable monuments of culture, the concessionaire shall advise the authority which is a party to the concession contract and the Ministry of the Environment and Waters and/or the Minister of Culture within seven days.

Article 36

(1) The validity term of the extraction concession shall be up to 35 years.

(2) The validity term of the concession may be renewed by up to 15 years under the terms and conditions of the contract.

Article 37

(1) The concession area shall cover the area including the deposit or sections thereof and the areas needed for the performance of the activities related to the concession.

(2) The storage and use of the wastes from the extraction process and the primary processing shall be performed in accordance with an approved plan of the respective ministry or institution which is a party to the concession contract, as consulted with the Ministry of the Environment and Waters and while observing the requirements under Art. 10, para (2) and Arts. 13, 14 and 37 of the Law on Limitation of the Harmful Effect of Wastes on the Environment.

Article 38

The extraction concession under Art. 29 shall comply with the terms and conditions laid down in the license for prospecting and/or exploration and the respective contract.

Chapter Two
TERMS AND CONDITIONS FOR GRANTING LICENSES FOR
PROSPECTING AND/OR EXPLORATION AND EXTRACTION
CONCESSIONS

Section I
Common Provisions

Article 39

(1) Licenses for prospecting for and/or exploration of mineral resources under Art. 2 shall be granted through:

1. competitive bidding or tender;
2. direct selection of the license holder, where the latter is the only applicant upon the expiration of a one-month period after the publication in two national dailies of the announcement of upcoming license granting.

(2) Concessions for extraction of mineral resources under Art. 2 shall be granted:

1. through competitive bidding or tender;
2. to a holder of a license for prospecting and exploration or a license for exploration by right in pursuance of Art. 29.

Article 40

(1) Within areas under a license for prospecting and/or exploration or a concession for the extraction of mineral resources, no other licenses or concessions shall be granted for the same mineral resources.

(2) Within areas under a license for prospecting and/or exploration or a concession for the extraction of mineral resources, licenses or concessions may be granted for other mineral resources, while observing the requirements under Art. 23.

Article 41

(1) The licenses and concessions granted shall be subject to promulgation in The Official Gazette and announcement in the municipalities at the location of the project.

(2) The licenses for prospecting and/or exploration shall be subject to registration with the integrated register of licenses and the cadastre of areas at the Ministry of the Environment and Waters within seven days after their promulgation in The Official Gazette.

Section II

Granting of Licenses for Prospecting and/or Exploration and Extraction Concessions through Competitive Bidding or Tender

Article 42

Licenses for prospecting and/or exploration and extraction concessions shall be granted in all cases through competitive bidding or tender for:

1. oil and gas;
2. mineral resources within the continental shelf and the exclusive economic zone;
3. unused deposits of mineral resources or not granted areas with established discoveries, which have been explored with public funding.

Article 43

(1) The competitive bidding or tender for granting licenses for prospecting and/or exploration shall be conducted at the initiative of the relevant authority or at the request of parties concerned to any of the authorities in accordance with their powers under Art. 5.

(2) No procedure for granting licenses for prospecting and/or exploration at the request of parties concerned shall be opened in the cases under Art. 56. The rejection shall not be attackable before the court of law.

(3) The order on holding competitive bidding or tender for the issuance of a license under Art. 5, subpara (1) shall specify:

1. the subject-matter of the license;
2. the validity term of the license;
3. the deadline for holding the competitive bidding or tender;
4. the deadline for purchasing the competitive bidding or tender papers;
5. the deadline for accepting the documents for participation in the competitive bidding or tender;
6. the amount of the deposit and the deadline for its payment;
7. the other terms and conditions of the competitive bidding or tender.

(4) The order under para (3) shall be subject to promulgation in The Official Gazette and at least one national daily.

(5) The authority under para (1) shall appoint a commission to organise and conduct the competitive bidding or tender.

Article 44

(1) Licenses for prospecting for and/or exploration of oil and gas or licenses for prospecting for an/or exploration of mineral resources within the continental shelf or the exclusive economic zone shall be issued by the Council of Ministers at the proposal of an authority under Art. 7.

(2) The proposal for opening a procedure for the issuance of a license under para (1) shall indicate the reasons, the validation of its legitimacy and expediency and it shall be made after a decision is passed on the environmental impact assessment.

(3) The Council of Ministers shall make a decision on the proposal under

para (2) with the contents required under Art. 43, para (3), authorizing a minister of a head of an institution under Art. 7 to conduct competitive bidding or tender.

(4) The decision under para (3) shall be subject to promulgation in The Official Gazette and at least one national daily.

(5) The authority assigned shall appoint a commission to organize and conduct the competitive bidding or tender.

Article 45

(1) The Council of Ministers may take a decision on granting a concession at the proposal of the respective authority under Art. 7.

(2) The proposal shall indicate the reasons and include legal, financial and economic, environmental and social due diligence report, and it shall be consulted with the ministries concerned at the judgement of the presenter.

(3) The decision on granting a concession shall specify:

1. the subject-matter of the concession;
2. the validity term of the concession;
3. the terms and conditions, the basic rights and obligations under the concession;
4. the deadline for holding the competitive bidding or tender;
5. the deadline for purchasing the competitive bidding or tender papers;
6. the deadline for accepting the documents for participation in the competitive bidding or tender;
7. the amount of the deposit and the deadline for its payment;
8. the minister of head of an institution, to whom the holding of the competitive bidding or tender is assigned;
9. other terms and conditions.

(4) The decision of the Council of Ministers on the announcement of competitive bidding or tender shall be subject to promulgation in The Official Gazette and at least one national daily.

(5) On the basis of the decision under para (1), the authority, to which the organization and conduct of the competitive bidding or tender is assigned, shall:

1. prepare the necessary competitive bidding or tender documents;
2. determine the terms and conditions for holding the competitive bidding or tender;
3. determine the membership of the competitive bidding or tender commission.

Article 46

(1) Applicants for participation in competitive bidding or tender for obtaining a license for prospecting and/or exploration or an extraction concession shall submit a statement in writing drawn up in the Bulgarian language in accordance with the requirements announced.

(2) The following documents shall be attached to the statement:

1. a certificate for the registration of the participant as a trader;
2. a transcription from the annual financial reports for the last three years;
3. evidence of the purchase of competitive bidding or tender documents, the payment of the deposit and the payment of the participation fee;
4. a statement of non-disclosure of the information contained in the

- competitive bidding or tender documentation.
5. the documents under para (2) shall be examined as from the time of their submission and if they do not comply with the requirements, the applicant shall be given the opportunity to eliminate the irregularities within time limits specified in the competitive bidding or tender documents.

Article 47

- (1) The commission shall decide on the eligibility for participation in the competitive bidding or tender and the decision shall be communicated to the applicants in writing.
- (2) Decisions on the non-eligibility of any applicant may be attacked before the court of law in pursuance of the Law on Administrative Procedure.
- (3) The competitive bidding or tender shall be conducted also in the case of only one applicant.
- (4) The competitive bidding may be conducted with or without the presence of the applicants and the tender may be conducted with open or secret bidding.

Article 48

- (1) Eligible participants in the competitive bidding shall submit the offer in a sealed envelope in accordance with the terms and conditions of the competitive bidding.
- (2) In the event of a tender with secret bidding, eligible participants shall submit the offer in a sealed envelope with respect to the concession fee. In the event of an open tender, the commission shall announce the bidding thresholds in advance.

Article 49

- (1) Within 14 days after the expiration of the deadline for submission of offers, the commission shall rank participants in accordance with the terms and conditions of the competitive bidding or tender. In the event of an open tender, the latter shall be considered completed after the drawing up of a statement on the final amounts announced by the participants, which shall be signed by the commission and the participants.
- (2) In the cases under Art. 5, subpara (1), the respective minister or head of an institution shall issue a license to the winning applicant upon the approval of the Council of Ministers and sign a contract.
- (3) In the cases under Art. 5, subparas (2) and (3), the respective minister or head of an institution shall submit to the Council of Ministers a proposal to select the winning applicant in the competitive bidding or tender.

Article 50

The Council of Ministers shall:

1. approve the issuance of a license for prospecting and/or exploration under Art. 49, para (2);
2. issue a license for prospecting and/or exploration and make a decision on granting a concession to the selected winning applicant in the competitive bidding or tender under Art. 49, para (3) and authorise a minister or head of an institution to sign a contract.
- 3.

Section III

Direct Granting of Licenses for Prospecting and/or Exploration and Extraction Concessions

Article 51

(1) A statement in writing shall be submitted to the respective authority under Art. 7 for direct granting of a license for prospecting and/or exploration or an extraction concession.

(2) The statement shall be drawn up in the Bulgarian language and include the following details:

1. the full name, address and nationality of the natural person or the name, principal office of business, corporate registration and nationality of the legal entity, as certified with the relevant documents;
2. the mineral resources under Art. 2, for which the license or concession is requested;
3. the name, location, size and coordinates of the characteristic border points of the area, as illustrated on a map with appropriate scale and numbering of the characteristic border points.

(3) The following documents shall be attached to the statement in a sealed envelope:

1. work programme with summary of the objectives, time limits for the start and the type, volume, methods, duration and costs of the planned activities, as well as the measures for protection of the earth recesses and the environment, the safety and health of the employees, the historical and cultural sites;
2. bank references to certify that the applicant is capable of financing the implementation of the work programme, to compensate all possible damage as a result of the activities and effecting the payments outstanding;
3. affidavit that the applicant has no debts to the State in arrears;
4. legal, financial and economic, environmental and social feasibility argumentation.

(4) The documents under paras (2) and (3) shall be examined within seven days and if they do not comply with the requirements, the applicant shall be given time limits to eliminate the irregularities.

Article 52

The statement under Art. 51 shall be examined within 30 days after the expiration of the time limits under Art. 39, para (1), subpara (2).

Article 53

(1) In the cases under Art. 51, the authority, to which the statement is submitted, shall judge the expediency and legitimacy of the proposal for granting a license for prospecting and/or exploration in pursuance of Art. 56.

(2) The refusal for open a procedure for granting a license for prospecting and/or exploration shall not be subject to attack before the court of law.

(3) The authority under para (1) shall submit the draft license to the Council of Ministers for approval.

(4) Within 30 days after the approval of the Council of Ministers, the authority under para (1) shall issue the license for prospecting and/or exploration and sign a contract with the licensed applicant.

Article 54

- (1) The authority under Art. 51, para (1) shall judge the expediency and legitimacy of the proposal for granting an extraction concession in pursuance of Art. 56.
- (2) The refusal to open a procedure for granting an extraction concession shall be subject to attack before the court of law.
- (3) The authority under para (1) shall submit to the Council of Ministers a proposal with reasons for granting a concession, together with a legal, financial and economic, social and environmental due diligence report, a draft decision of the Council of Ministers and a draft concession contract.
- (4) In the cases under Art. 29, the authority under para (1) shall submit to the Council of Ministers a proposal with reasons for granting a concession, a draft decision of the Council of Ministers and a draft concession contract drawn up on the basis of the plan of the prospective concessionaire for development of the deposit, including the legal, financial and economic, social and environmental feasibility argumentation.
- (5) The Council of Ministers shall make a decision on the proposal submitted under paras (3) and (4).
- (6) The decision on granting a concession shall specify: the subject-matter and validity term of the concession, the person to whom the concession is granted, the minister or head of an institution to conduct the negotiations and sign the contract, the terms and conditions of the concession, the basic rights and obligations of the parties, the mandatory improvements, the type and amount of the performance guarantees under the concession contract, the requirements related to the national security, the national defence, the protection of the earth resources and the environment, the territories and sites protected by law, as well as other requirements depending on the nature of the concession.
- (7) The decision of the Council of Ministers may be attacked before the Supreme Administrative Court within seven days after its promulgation in The Official Gazette.

Article 55

Within one month after the effective date of the decision under Art. 54, negotiations shall be conducted and the concession contract shall be signed.

Article 56

The granting of a license for prospecting and/or exploration or an extraction concession may be refused in any of the following cases:

1. a risk exists for the national security and the national defence, the earth resources and the environment, the safety and health of the employees and the territories, sites, cultural and historical monuments protected by law;
2. the applicant has provided untrue information;
3. the applicant has proposed a minimum mandatory work programme, which does not comply with the established technical and technological standards and the requirements for protection of the earth resources and the environment;
4. the applicant requests an area, within the boundaries of which rights to prospect and/or explore or to extract have been granted and the requirements of Art. 23, para (3) are not met.

Article 57

The granting of an extraction concession under Art. 29 may be refused if, after the discovery of the deposit, there occur circumstances posing a risk to the national security and the national defence, the earth recesses and the environment, and the territories, sites, cultural and historical monuments protected by law. In such cases, the applicant for extraction concessions, who has made the discovery, shall be indemnified in pursuance of the provisions of an instruments adopted by the Council of Ministers.

**Chapter Three
FINANCIAL TERMS AND CONDITIONS**

Article 58

The rights to prospect for and/or explore or to extract mineral resources through a license for prospecting and/or exploration or through an extraction concession shall be granted against payment.

Article 59

(1) Applicants for licenses for prospecting and/or exploration and applicants for extraction concessions shall pay fees upon the submission of their statements.

(2) The fees under para (1) shall be collected to cover the administrative costs related to the procedure of granting the license or concession.

(3) The terms and conditions for the collection of the fees under para (1) and their amount shall be specified in an instrument adopted by the Council of Ministers.

Article 60

(1) The holder of the license for prospecting and/or exploration shall pay an annual fee for the area granted.

(2) The amount of the fee shall be determined in accordance with validity term of the license, the size of the area granted and the group of mineral resources, for which the licenses are granted.

(3) The terms and conditions for the payment of the fee under para (1) shall be specified in an instrument adopted by the Council of Ministers.

Article 61

(1) The concessionaire shall pay a concession fee.

(2) The principles and methods of determining the concession fee shall be adopted with an instrument of the Council of Ministers.

(3) The terms and conditions for the payment of the concession fee shall be specified in the concession contract.

(4) The concession fee shall be payable, regardless of whether the concessionaire is loss-making.

(5) For deposits of mineral resources with unfavourable mining and geological, technological and economic characteristics, the concessionaire may be temporarily exempted from payment of the concession fee or the concession fee may be reduced by up to 50 per cent of the agreed fee in accordance with a decision of the Council of Ministers. This shall be reflected in an annex to the contract.

Article 62

(1) The amounts under Art. 61, para (1) shall be considered to be revenues from concession operations and they shall be subject to distribution in pursuance of the Law on Concessions.

(2) The amounts under Art. 59, para (1) shall be transferred to the budget of the respective ministry or institution, to which the statement of application has been submitted.

(3) The amounts under Art. 60, para (1) shall be transferred to the budget of the ministry or institution, which has granted the license, and they shall be used to cover the costs of granting rights to prospect and/or explore, to fund geological projects and to protect the earth recesses and the environment in connection with geological surveys and mining operations.

Article 63

In the event of changes of the Bulgarian legislation, which restrict the rights or cause material damage to the holder of the license for prospecting and/or exploration or to the concessionaire, the terms and conditions of the existing contract shall be adjusted, at the request of the license holder or the concessionaire, with a view to restoring the rights and interests under the original contract.

Article 64

(1) Where the holder of the license for prospecting and/or exploration or for exploration is granted an extraction concession under Art. 29, the prospecting and/or exploration costs, except for those under Art. 59 and Art. 60, para (1), shall be recognised as actual costs.

(2) Costs for the development of the deposit for extraction purposes shall be recognised as actual costs.

(3) The costs under paras (1) and (2), recorded as financial loss, shall start to be deducted as from the year of the beginning of the extraction process through the subsequent five years. Where new losses are incurred in the course of the use of the deposit, the refunding shall start as from the rime of their occurrence and the five-year redemption time limit shall refer to each individual loss.

(4) The source for refunding the costs for prospecting, exploration, development and use shall be the revenues from the mineral resources extracted after payment of the concession fee.

(5) The costs for recovery of the environment shall be included in the expenditure before taxes.

(6) Any additional costs incurred by the holder of the license or the concessionaire and explicitly agreed in the contract under Art. 66, para (1), subparas (16) and (17) shall be recognised as actual costs.

Chapter Four

CONTRACTS, TERMINATION, ARBITRATION AND EXPERTS' OPINIONS

Section I

Common Provisions

Article 65

Licenses for prospecting and/or exploration or extraction concessions shall

take effect as from the date of execution of the contract, unless agreed otherwise in the contract.

Article 66

- (1)** The contract shall contain the following mandatory details:
1. the parties to the contract;
 2. the subject-matter of the contract, the coordinates and the size of the area granted;
 3. the validity term of the contract and the conditions for its renewal;
 4. the rights and obligations of the parties;
 5. the mandatory minimum work programme to be fulfilled;
 6. the financial terms and conditions for the payment related to the rights granted and the non-performance, including non-performance with respect to re-cultivation obligations;
 7. the terms and conditions for assignment of the rights and obligations under Art. 25;
 8. the terms and conditions for termination of the contract;
 9. the terms and conditions for drawing up and presenting plans, reports, input data, accounting documents and other information;
 10. the conditions, which determine the rights to any geological or other information acquired by the license holder or the concessionaire in the course of the activities under the contract;
 11. the terms and conditions for the performance of operations and their suspension;
 12. the terms and conditions for the performance of inspections;
 13. the requirements for protection of the earth recesses, the environment and the safety and health of the employees;
 14. the terms and conditions for settlement of disputes, including international arbitration;
 15. the terms and conditions for operation in the event of force majeure;
 16. training programs and job creation;
 17. additional covenants.
- (2)** The prospecting and/or exploration contract shall also include the obligation of the license holder to vacate parts of the area in favour of the State in pursuance of Art. 32, para (2).
- (3)** The extraction contract may also include the obligation of the concessionaire to pay the concession fee to the State in kind either wholly or in part.

Section II Termination

Article 67

- (1)** The rights acquired in accordance with a license for prospecting and/or exploration or an extraction concession shall be cancelled with the termination of the respective contract.
- (2)** The contract shall be terminated in any of the following cases:
1. upon the expiration of its validity term;
 2. in the event of objective impossibility for performance of the operations under the license or concession;

3. in the event of enforceable judgement on the bankruptcy of the license holder or the concessionaire;
4. at the mutual consent of the parties;
5. by virtue of an enforceable court judgement or arbitration award;
6. on other grounds, as laid down in the contract.

(3) Upon the death of the natural person or the winding-up of the legal entity, which is the holder of the license for prospecting and/or exploration, the contract may be renewed with an additional agreement upon a decision of the competent authorities under Art. 6, paras (1) or (2), provided that the heir or legal successor submits a statement requesting the renewal of the contract within 30 days, takes over all obligations therein and complies with the requirements under Art. 23.

(4) Upon the death of the natural person or the winding-up of the legal entity, which is the concessionaire, the contract may be renewed upon a decision of the Council of Ministers at the proposal of the authority that has signed the contract, provided that the heir or legal successor submits a statement requesting the renewal of the contract within 90 days, takes over all obligations therein and complies with the requirements under Art. 23.

Article 68

(1) The minister of head of the institution that has signed the contract shall be entitled to suspend the license for prospecting and/or exploration or the concession, where the license holder or the concessionaire engages in activities, which contravene the existing legislation or violate the terms and conditions of the contract.

(2) In the event of suspension, the authority under para (1) shall advise the license holder or the concessionaire in writing of the reasons thereof and specify appropriate time limits for adjustment to the terms and conditions of the contract.

(3) No license holder or concessionaire, whose operations have been suspended under para (1), shall be entitled to exercise the rights under the contract or seek damages for missed opportunities for the period of suspension.

(4) A license or concession suspended under para (1) shall be renewed, provided that the license holder or the concessionaire eliminates the reasons for the suspension within the time limits prescribed under para (2).

(5) The suspension under para (1) shall not prolong the validity term of the contract or the license or concession respectively.

Article 69

In the cases under Art. 5, subpara (1), the license may be terminated by the issuing authority, whereas in the cases under Art. 5, subparas (2) and (3), the license or the concession may be terminated by the Council of Ministers in any of the following cases:

1. the license or the concession has been suspended and the license holder or the concessionaire has failed to eliminate the reasons for the suspension within the time limits prescribed under Art. 68, para (2);
2. a risk exists for the national security and the national defence.

Article 70

(1) In the cases under Art. 69, subpara (1), the license holder or the

concessionaire shall be liable for any damage or missed opportunities as a result of the early termination, including the period of suspension.

(2) In the cases under Art. 69, subpara (2), the license holder or the concessionaire shall be entitled to indemnification, unless the risk has results from action on part of the license holder or the concessionaire.

(3) The authority that has signed the contract shall send a notice in writing about the termination to the license holder or the concessionaire.

In the event of termination under Art. 69, the license holder or the concessionaire shall fully re-cultivate the affected land.

Article 71

The provisions of Part Three of the Commerce Law and the Law on Obligations and Contracts shall apply to all cases that are not regulated here and refer to the execution, implementation and termination of contracts.

Section III Arbitration and Experts' Opinions

Article 72

(1) Any dispute arising between the parties, which cannot be settled amicably, shall be referred to the court of law or to arbitration, if provided for in the respective contract.

(2) Where international arbitration has been agreed upon, the language, place of arbitration and the other conditions shall be specified in the respective contract.

Article 73

The parties to the contract may agree to refer some disputes for settlement by experts in accordance with a procedure laid down in the contract.

Chapter Five USE OF LAND

Article 74

(1) The registration of a discovery of mineral resources and its recordation into the register of discoveries of deposits of mineral resources shall not change the title, purpose and use of the immovable property on the earth surface.

(2) Licenses for prospecting and/or exploration or extraction concessions shall entitle the license holder or the concessionaire to undertake independent legal and factual action for reaching an agreements with the holders of the title to the land in the area granted, which may create hindrances or difficulties in the performance of the operations under the license or concession and the respective contract.

Article 75

(1) The holder of the license for prospecting and/or exploration or the concessionaire and the land owner may sign a contract, whereby the license holder or the concessionaire is granted rights in rem to use the land during the validity term of the license or concession and the terms and conditions for the compensation for the land use are specified.

(2) Where no agreement is reached under para (1), the part concerned shall refer the matter to the respective authority which, depending on the nature of the operations, their duration and their impact on the earth resources and the environment, may request the Minister of Finance and the Minister of Regional Development and Public Works through the Regional Governor at the location of the land the forcible alienation of private properties or parts thereof for the purposes of the exploration and extraction of mineral resources in pursuance of Chapter Three of the Law on State Property and upon equivalent indemnification given in advance.

(3) The indemnification of the owner and the price of the property shall be specified by the Regional Governor at the location of the property upon the confirmation of the Minister of Finance and the Minister of Regional Development and Public Works.

(4) The property shall be considered alienated, where the indemnification has been paid or where a title deed is issued for the property given as indemnification.

(5) The minister of head of institution, who has signed the contract on granting rights under Art. 5, shall follow the statutory terms and conditions for changing the purpose of the land, where the land is used for agricultural, forestry, municipal or other purposes.

(6) The taking of possession under para (2) shall be an administrative procedure.

(7) Where the concessionaire has failed to undertake action for implementing the work plan within three years after the forcible alienation of the property, the former owner or the Regional Governor shall be entitled to request the regional court of law at the location of the property to repeal the forcible alienation and reconstitute the property of the parties.

(8) After the operations under the license for prospecting and/or exploration or the extraction concession are completed, the license holder or the concessionaire shall undertake all measures for reclamation of damaged land in accordance with the terms and conditions of the contract under para (1), the license for prospecting and/or exploration or the extraction concession, the existing environmental laws, the other applicable legislation and the contract.

(9) The decisions under the foregoing paragraphs shall be communicated to the parties concerned by the minister or head of institution, who has signed the contract on granting rights under Art. 5, in pursuance of the Code of Civil Procedure. The decision may be attacked before the Supreme Administrative Court within two weeks after the communication. The decision of the Supreme Administrative Court shall be final and it shall not be subject to attack.

Article 76

(1) The indemnification under Art. 75, para (1) shall be determined on the basis of the damage resulting directly and immediately from the damage of the land due to the operations under the license for prospecting and/or exploration or the extraction concession and the respective contract.

(2) In the event that the land cannot serve its former purpose after the termination of the license for prospecting and/or exploration or the extraction concession, properties shall be alienated in pursuance of the Law on State Property.

**PART THREE
PROTECTION OF THE EARTH RECESSES AND REASONABLE USE OF
MINERAL RESOURCES**

**Chapter One
COMMON PROVISIONS**

Article 77

The protection of the earth recesses and the reasonable use of mineral resources shall be a major obligation of all persons engaging in their exploration and use, in planning mining construction works, in preparing for the operation and in extracting mineral resources.

Article 78

Each holder of a license for prospecting and/or exploration or concessionaire shall perform the operations under the licenses or extraction concessions and the respective contract in accordance with the requirements for protection of the earth recesses and reasonable use of mineral resources, as prescribed in this Law and the Law on Concessions, the related secondary legislation and the environmental laws.

Article 79

Mineral resources shall be extracted only from deposits registered under Art. 21.

**Chapter Two
MINES AND QUARRIES**

Article 80

The boundaries of each mine or quarry shall be established in accordance with the outlines of the reserves and resources which are the object of operation.

Article 81

The following documents shall be drawn up for each mine and quarry:

1. precise topographic map of the mine or quarry field in an appropriate scale, indicating the boundaries, cartographic signs of the location of the mine or quarry, the nature of the locality and all installations and equipment thereon;
2. precise underground maps in an appropriate scale, indicating the sections operated in the course of the year, as well as those to be involved in operations in future; the maps shall specify the boundaries of the mine and quarry fields;
3. general maps of the individual parts of the mine or quarry, indicating the boundaries of the reserves and resources and the mining works;
4. geological map with the required profiles and data across the deposit;
5. technical and other data on the observations of mining works;
6. the required registers, maps and statistical data related to the operational requirements and the safety and health of employees in mines and quarries.

Chapter Three WORK PLANS

Article 82

(1) The prospecting for, exploration, extraction and primary processing of mineral resources, the liquidation and conservation of geological survey and mining facilities shall start and be performed on the basis of general and annual work plans drawn up by the holders of licenses for prospecting and/or exploration or the concessionaires.

(2) The plans for prospecting for, exploration, extraction and primary processing of mineral resources shall be subject to mandatory environmental impact assessment in pursuance of the Law on Environmental Protection.

(3) The annual plans for the prospecting for, exploration, extraction and primary processing of mineral resources shall be consulted with the Ministry of the Environment and Waters with respect to the requirements for protection of the earth recesses and reasonable use of mineral resources and the measures for protection and recovery of the environment under terms and conditions specified by the Minister of the Environment and Waters.

Article 83

(1) Work plans for the prospecting for and/or exploration, extraction and primary processing of mineral resources shall include exhaustive data about the volume, technical and technological solutions and schedule for the planned operations, the amount of the investments needed, the measures for protection of the earth recesses, the environment and the safety and health of employees.

(2) The holders of licenses for prospecting and/or exploration and concessionaires shall prepare general and annual plan, providing for:

1. the application of methods, technologies and systems that limit the negative impact on the earth recesses and the environment;
2. the optimal extraction of the reserves from the earth recesses and the useful components in their primary processing;
3. the observance of the requirements concerning the disposal and storage of soil materials and technological wastes;
4. the protection of the environment and recovery (re-cultivation) of damaged areas;
5. the safety and health of employees.

Article 84

The plans for liquidation or conservation of geological survey and mining facilities shall include exhaustive data about the volume, technical implementation and schedule for liquidation, conservation and re-cultivation, the amount of the investments needed, the measures for protection of the earth recesses, the environment and the safety and health of the employees and other persons who happen to be on the site of such facilities.

Article 85

The consultation of the plans under Art. 84 and the amendments and adjustments thereof with regard to the protection of the earth recesses and the environment shall be conducted under the terms and conditions, laid down

by the Minister of the Environment and Waters.

Article 86

The holders of licenses for prospecting and/or exploration or concessionaires shall report the implementation of the work plans, the investments and the major outputs on an annual basis through a report in writing to the minister who has signed the contract, unless agreed otherwise.

Chapter Four PROTECTION OF THE EARTH RECESSES

Article 87

The protection of the earth recesses in the course of the prospecting for, exploration, extraction and primary processing of mineral resources shall include:

1. the observance of the terms and conditions for prospecting for and exploration of mineral resources, as approved with the work plans;
2. the observance of the terms and conditions for use of the reserves of mineral resources, as approved with the work plans;
3. the optimal extraction of the reserves of mineral resources in the course of the operations on the deposits;
4. the optimal extraction of the useful components of the mineral resources extracted in the course of their primary processing;
5. the protection of the deposits of mineral resources against industrial and other construction works that complicate the operation and reasonable use of the deposits;
6. the observance of the requirements concerning the disposal, storage and use of wastes from the exploration, extraction and primary processing of mineral resources;
7. the observance of the approved plans for conservation, liquidation and re-cultivation of geological survey and mining facilities.

Article 88

For the purposes of protecting the earth recesses and the reasonable use of mineral resources, each holder of a license for prospecting and/or exploration and concessionaire shall:

1. perform the operations for prospecting for, exploration, extraction and processing of mineral resources in accordance with the requirements of the existing Bulgarian legislation;
2. develop and approve, upon consultation with the Ministry of the Environment and Waters, economically justified conditions for the operation of deposits of mineral resources with a view to their optimal extracting from the earth recesses;
3. consult with the Ministry of the Environment and Waters the work plans for the prospecting for, exploration, extraction and primary processing of mineral resources, the plans for re-cultivation of damaged areas and the plans for liquidation and conservation of facilities;
4. observe the terms and conditions, laid down in the work plans, for industrial use of the reserves and resources, their primary processing and the measures for protection and recovery of the earth recesses and the environment;

5. keep the required geological and mine surveying and statistical documentation in accordance with the existing legislation for the purposes of tracking down the movement of reserves and resources and the criteria for the extent and quality of their extraction from the earth recesses (losses and impoverishment);
6. ensure optimal extraction of the useful components of the mineral resources extracted in the course of their primary processing;
7. consult with the Ministry of the Environment and Waters the permissible unplanned losses of mineral resources and useful components in the course of their extraction and primary processing;
8. refrain from developing deposits without approved reserves of mineral resources, which are entered into the national balance;
9. re-cultivate areas damaged from the prospecting for, exploration, extraction and primary processing of mineral resources on the basis of a plan consulted with the Ministry of the Environment and Waters;
10. provide the authorities in charge of the protection of the earth recesses and the environment with reports and explanations, as required for the discharge of their duties.

Article 89

The Ministry of the Environment and Waters shall make arrangements for the establishment and operation of the monitoring of the geological environment and a geoenvironmental cadastre of mining operations at the nation-wide level.

Chapter Five

ENFORCEMENT OF THE PROTECTION OF THE EARTH RECESSES AND THE REASONABLE USE OF MINERAL RESOURCES

Article 90

- (1) The Ministry of the Environment and Waters shall supervise the enforcement of the protection of the earth recesses and the reasonable use of mineral resources.
- (2) The Minister of the Environment and Waters may involve external experts in the supervisory activities under para (1).

Article 91

The enforcing authorities for the protection of the earth recesses and the reasonable use of mineral resources shall be entitled to:

1. unhindered access to all facilities, buildings and equipment of the holder of the license for prospecting and/or exploration or the concessionaire within the area granted;
2. take samples for the purposes of laboratory controlling tests;
3. give prescriptions in writing for elimination of omissions and irregularities observed in connection with the protection of the earth recesses and the reasonable use of mineral resources;
4. suspend, upon giving a notice in writing, the prospecting for, exploration, extraction or processing of mineral resources in the event of non-performance under subpara (3);
5. impose fines and/or pecuniary penalties for violations observed in connection with the protection of the earth recesses and the reasonable

use of mineral resources.

Article 92

The enforcing authorities for the protection of the earth recesses and the reasonable use of mineral resources shall:

1. give a fair presentation of facts and reflect the findings of their inspections;
2. refrain from disclosing the official, industrial and commercial secrets, refrain from disclosing the findings of inspections prior to their completion, and refrain from using the information obtained in connection with the inspections for purposes other than the inspection ones;
3. involve independent experts in the supervisory activities under terms and conditions laid down by the Minister of the Environment and Waters.

Chapter Six ADMINISTRATIVE PENALTIES

Article 93

(1) Any person engaging in prospecting for and/or exploration or extraction of mineral resources without duly granted license or concession shall be imposed a fine or a pecuniary penalty from BGN 5,000 to BGN 50,000, unless subject to a more severe penalty.

(2) Any person engaging in prospecting for and/or exploration or extraction of mineral resources within the meaning of this Law, while violating the requirements of Art. 30, subpara (3) or having supplied untrue information in accordance with this Law, shall be imposed a fine or a pecuniary penalty from BGN 5,000 to BGN 50,000, unless subject to a more severe penalty.

(3) The penalty for non-performance under Art. 7, para (2), subpara (7), para (3), subpara (6) and para (4), subpara (7) shall be a fine of BGN 2,000 or BGN 10,000 for repeated violation, unless a more severe penalty is envisioned.

Article 94

(1) Any person, failing to observe the obligations for protection of the earth recesses and reasonable use of mineral resources or infringing upon rights to operate under licenses for prospecting and/or exploration or extraction concessions, shall be imposed a fine or a pecuniary penalty from BGN 5,000 to BGN 50,000.

(2) The fine or pecuniary penalty shall be tripled for repeated violation under para (1), unless a more severe penalty is envisioned.

Article 95

(1) Statements of violation under Arts. 93 and 94 shall be drawn up by officials of the Ministry of the Environment and Waters.

(2) Statements of punishment shall be issued by the Minister of the Environment and Waters or by officials designated by him or her.

Article 96

(1) Any person, whose action or inaction violates the requirements for occupational safety or creates a risk to the health of employees under Art. 83, para (2), subpara (5), shall be imposed a fine or a pecuniary penalty from BGN 5,000 to BGN 50,000, unless subject to a more severe penalty.

(2) Infringements pursuant to Para. 1 shall be stated by statements of violations issued by officials of the Ministry of Labour and Social Policy and the Penalty Decrees shall be issued by the Minister of Labour and Social Policy or by officials authorised by him.

Article 97

Administrative penalties shall be imposed and statements of punishment shall be attacked in pursuance of the provisions of the Law on Administrative Violations and Penalties.

ADDITIONAL PROVISIONS

1. Within the meaning of this Law:

1. "**Geological discovery**" is the existence of mineral resources, as identified in the course of operations under a prospecting license, which is characterised by an estimate of the reserves;
2. "**Operations/activities under a license for prospecting and/or exploration or an extraction concession**" are all operations/activities related to the prospecting for, exploration, preparation for extraction, extraction and processing of mineral resources, for which the license or concession is granted and which are performed in accordance with the terms and conditions, laid down in the license, concession and the respective contract;
3. "**Operations/activities which are not related to the prospecting for, exploration, extraction and primary processing of mineral resources**" are the storage of wastes, the use of the earth recesses for carbon hydrate tanks, engineering operations of national importance - tunnels, highways, pipelines for carbon hydrates, etc.;
4. "**Extraction**" is the process of extracting solid, liquid and gaseous mineral resources from the earth recesses;
5. "**Reserves**" are the quantity of mineral resources and the deposit of a mineral resource, for which the extraction is technically feasible and economically beneficial;
6. "**Earth recesses**" are the parts of the earth crust, which are accessible to human activity (the lithosphere);
7. "**Quarry**" is the totality of mining developments and equipment for open extraction and processing of non-metallic mineral resources, building and lining materials;
8. "**Conditions**" are the totality of requirements to the quality and quantity of mineral resources in the earth recesses, as adjusted to the mining and technical and the economic environment for their use;
9. "**Area of the concession**" is the area, for which rights to extract mineral resources are granted;
10. "**Metallic mineral resources**" are the natural mineral resources, which contain metals or metal compounds in quantities and types, which are suitable for technological extraction and industrial use;
11. "**Mine**" is an industrial enterprise (undertaking) for the development of mineral resources;
12. "**Mining area**" is the area of the deposit, where the mine is located, plus the technological territory required for the normal operation of the mine;

13. "**Deposit of mineral resources**" is the natural accumulation of mineral and organic substances (mineral resources), which may become the object of extraction under certain technical and financial and economic conditions;
14. "**Non-metallic mineral resources**" are those used in production directly in their natural condition in the form of individual minerals or chemical compounds extracted therefrom;
15. "**Oil and gas**" are all natural liquid and gaseous carbon hydrates in the earth recesses, as well as other useful components associated with them (vanadium, nickel, helium, argon and others);
16. "**Protection of the earth recesses**" - statutory conditions and requirements for the use of the earth recesses, including the requirements for reasonable use of mineral resources in the prospecting, exploration, extraction and primary processing;
17. "**Optimal extraction**" is the fullest and most favourable extraction (separation) of the reserved from the deposits of mineral resources and the useful components therein through the application of appropriate and environmentally friendly technologies for extraction and dressing;
18. "**Parts (sections) of a deposit**" are distinct parts of a deposit of mineral resources, which may be used for extraction purposes separately, while observing the requirements for protection of the earth recesses, the environment and the occupational safety;
19. "**Commercial discovery**" or "**discovery of a deposit**" is a deposit of mineral resources, which is discovered and registered as a result of operations under a license for prospecting and/or exploration or a concession at a place and time, where and when its development and the extraction of mineral resources therefrom are economically expedient and have commercial worth in accordance with the current market criteria;
20. "**Area of the license**" is the area, for which rights to prospect for and/or explore mineral resources are granted;
21. "**Mineral resources**" are the natural mineral and organic formations in the earth recesses (the earth crust), which can be used in material production; they may be solid, liquid or gaseous; mineral resources include also technological wastes, and the mining and technological waters obtained in the course of their transformation, extraction and processing;
22. "**Use of land for the purposes of the license**" is the crossing of the property or the temporary settlement and performance of operations for the purposes of the prospecting and/or exploration;
23. "**Primary processing**" or "**processing**" is the extraction of useful components from the mineral resources and underground waters through various dressing methods, as well as the related preparatory, ancillary or follow-up activities;
24. "**Technological wastes (produced)**" are the wastes accumulated in the exploration, extraction and/or primary processing of mineral resources, which are accumulated either prior to the effective date of this Law or as a result of completed operations under a license for prospecting and/or exploration or an extraction concession;
25. "**Exploring operations**" are the activities performed in accordance with a license for prospecting and/or exploration on the basis of a contract with a view to discovering and estimating a deposit, as well as the characteristics and possible behaviour in the course of extraction, including geological,

- geophysical, geochemical and other relevant specialised observations, analyses and tests, drilling or mining developments, deepening, abandoning or completion thereof, technological tests and any related contingency operations;
26. "**Prospecting and/or exploration costs**" are the costs, outlays and debts incurred in the course of exploring operations";
 27. "**Development costs**" are the costs, outlays and debts incurred by the concessionaire in the course of the development of the deposit prior to the transition to continuous extraction;
 28. "**Resources**" are the potential quantities of mineral resources in specific sections, which are not outlined or substantiated with geological surveys or lack sufficient technical, technological and economic evaluation for planning and extraction purposes;
 29. "**Building materials**" are various natural rocks, such as building stones, lining rocks, inert materials, etc.;
 30. "**Solid fuels**" are all solid organogenic energy and technological formations, such as peat, coal or bithumlyths;
 31. "**Holder of a license**" or "**concessionaire**" is any natural person or legal entity engaging in activities in the Republic of Bulgaria under a license or a concession in pursuance of this Law or other applicable laws;
 32. "**Prospecting and/or exploration**" is the totality of operations for the identification, discovery and evaluation of deposits of mineral resources with a view to specifying their spatial location, quantities, quality and other geological and economic, mining and technical, and technological parameters needed for planning and extraction purposes;
 33. "**Technological wastes**" are rocks and earth mass obtained from the exploration, extraction and processing of mineral resources, which are disposed in accordance with an approved plan, including metallurgical slag, cinder and ash from thermal power and heating plants, phosphorus gypsum, pyrite burnings, depositions, sludge, etc.;
 34. "**Actual costs**" are the main costs of production, which do not include the financial and contingency costs, as well as the administrative costs in pursuance of the Law on Accountancy.

TRANSITIONAL AND CONCLUDING PROVISIONS

2. In the cases of activities under this Law, which are being performed as of the taking of effect of this Law, the provisions of this Law shall apply as from its effective date.

3. Any person engaging in the prospecting for and/or exploration of mineral resources shall submit an application to the authorities under Art. 7 for adjustment of their operations to the requirements of this Law within three months after the effective date of this Law.

4. The secondary legislation on the enforcement of this Law shall be adopted within three months after the effective date of this Law.

5. In Art. 4, para (1), subpara (1) of the Law on Concessions (Promulgated in The Official Gazette, No. 92 of 1995; No. 16 of 1996 -

Resolution No. 2/1996 of the Constitutional Court; Amended, No. 44 of 1996, Nos. 61 and 123 of 1997, No. 93 of 1998), the words "natural" and "prospecting, extraction and" shall be deleted and the word "their" in the plural shall be replaced by the word "their" in the singular.

6. In the Law on Municipal Property (Promulgated in The Official Gazette, No. 44 of 1996; Amended, No. 104 of 1996, No. 55 of 1997 and Nos. 22 and 93 of 1998), Art. 69, subpara (3) shall be amended as follows:

"3. "inert and other materials used to meet the building needs of the population and extracted in quarries in quantities of up to 10,000 cubic metres per annum;"

7. This Law shall repeal the Law on Mines and Quarries (Promulgated in The Izvestiya, No. 92 of 1957; Amended, No. 17 of 1958; Amended, No. 68 of 1959, No. 104 of 1960; The Official Gazette, No. 84 of 1963, No. 27 of 1973, No. 36 of 1979, Nos. 27 and 56 of 1986, No. 35 of 1996 and No. 11 of 1998).

8. In the Law on Aquatory of the Republic of Bulgaria (Promulgated in The Official Gazette, No. 55 of 1987; Amended, Nos. 11 and 59 of 1998), Art. 43 shall be repealed.

9. The enforcement of this Law shall be assigned to the Council of Ministers.

This Law was adopted by the 38th National Assembly on 26 February 1999 and the official seal of the National Assembly was affixed hereto.